

Grantee: South Bend, IN

Grant: B-11-MN-18-0011

October 1, 2014 thru December 31, 2014 Performance Report



Grant Number:

B-11-MN-18-0011

Obligation Date:**Award Date:****Grantee Name:**

South Bend, IN

Contract End Date:**Review by HUD:**

Reviewed and Approved

Grant Award Amount:

\$1,708,707.00

Grant Status:

Active

QPR Contact:

Loir Timmer

LOCCS Authorized Amount:

\$1,708,707.00

Estimated PI/RL Funds:

\$84,398.66

Total Budget:

\$1,793,105.66

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

The City of South Bend examined a number of factors in order to determine its NSP3 target area.

HUD provided grantees with block group level data in order to help determine its NSP3 target area; this data includes the need score of the census tract as well as the minimum need score required in order for the geography to be an eligible target area. Based on the minimum need score of 17 for South Bend, the community has 31 census tracts that could qualify for NSP3 investment. As a result, further consideration was needed in order to determine where NSP3 funds would best be utilized. HUD also provided data on the number of primary mortgages executed between 2004 and 2007 as well as the percentage of loans made between 2004 and 2007 that are considered high cost. High cost loans are considered to be loans with an interest rate three percentage points higher than a benchmark rate (for a first mortgage); these types of loans contributed to poor lending practices that led to the housing crisis. Over 50% of the mortgages executed in Census Tract (CT) 10 between 2004 and 2007 are considered high cost.

HUD's data included an estimated rate of mortgages Seriously Delinquent (90 or more days delinquent on payments or in foreclosure). In both CT 9 and 10, over 10% of households with a mortgage were estimated to be delinquent or in the foreclosure process in June 2010. Included in the dataset, HUD also provided the estimated number of foreclosure starts that occurred during the time frame of July 2009 through June 2010 along with the estimated number of foreclosures that occurred (completed) during the same time frame. CT 10 is estimated to have had 28 foreclosures started and 19 completed during this one-year period. The City of South Bend previously compiled Sheriff Sale data for the years 2001-2007. At Sheriff Sale, properties that are going through foreclosure are officially purchased back by the lending institution — one of the final steps of the foreclosure process. In addition, HUD data included the number of residential addresses and the number of residential addresses not receiving mail, based on information from the U.S. Postal Service regarding addresses that have been vacant for 90 days or longer as of March 2010. This data was used to determine the residential vacancy rate. Vacancy can be an indicator of abandonment and foreclosure, as long term vacant properties tend to be the result of the owner walking away from the property and/or the foreclosure process. Vacant properties can have a compounding negative effect on neighborhoods — vacancy leads to more vacancy due to disinvestment. Between the percentage of mortgages considered seriously delinquent, the number of foreclosure starts, foreclosure completions, the past history of foreclosure and the vacancy rate, it is clear that CT 10 and 9 have been negatively impacted by the housing crisis. In addition to reviewing data, the City of South Bend closely examined the local housing conditions, as strongly recommended by HUD. HUD also emphasized using NSP3 funds to: (1) stabilize not revitalize, (2) stressed selecting a smaller target area than that used in NSP1, and (3) an area that could be visibly impacted by NSP3 funds. Additionally, the CT 10 and 9 have fewer homes currently on the market than

Summary of Distribution and Uses of NSP Funds:

in other areas of the City. Homes sell at a quicker rate in this area due to the private & public investment taking place. Another positive factor is the economic diversity of the area, which makes for a strong neighborhood. All of these are positive factors for expending funds in the northeast side.

After review of HUD's NSP3 Program Design Guidebook and consideration of South Bend's housing market (weak market — high supply of housing with low demand) it became apparent that in many areas of the City, HUD would not favor adding housing to an already overwhelmed market.



How Fund Use Addresses Market Conditions:

It was determined that given the local housing market, funds would be able to stabilize and make a visible impact — as emphasized by HUD — if used in the northeast neighborhood as this investment would complement past work, add additional housing options to a stronger market for housing and would assist in helping to create a mixed income neighborhood (households with up to 120% of area median income to qualify to purchase homes). While other areas of the City may require revitalization, the NSP3 funds would be insufficient to fundamentally change market conditions or to create a meaningful impact in these areas. When considering the focus on stabilizing and impact, as well as market conditions in conjunction with the data, it is evident that working in the northeast neighborhood is the best use of NSP3 funds. The selected target area, which has a NSP3 need score of 18.91, includes a portion of CT 10 and a minimal part of CT 9 (6 blocks of one side of the street is in both CT 9 and the target area).

Given the limited number of activities and a single target area geography, a tiered approach will not be used.

Ensuring Continued Affordability:

HUD requires that grantees include provisions for long-term affordability: that the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income (AMI). At a minimum, the City of South Bend will follow the HOME Investment affordability guidelines for homebuyer and rental units assisted. The City's long term affordability policy is as follows:

For Homebuyers:

Recapture Policy= The amount of equity to be returned to the initial home buyer of an affordable housing unit rehabilitated with NSP3 Funds (Homeowner) (Unit), and the amount of NSP3 funds subject to recapture as required of HOME funds under 24 CFR Part 92, Section 92.254, with respect to such Unit, will be determined as follows:

1. NSP3 funds expended for eligible activities in connection with the development of affordable housing, and which are allocable to such unit, will not be recaptured upon the initial sale by the recipient of NSP3 funds of such Unit.
2. NSP3 funds will be deemed allocated to a Unit (the Allocation) in accordance with the scope of the project wholly or partially financed by such NSP3 funds. In the case of a project consisting solely of affordable housing units, NSP3 funds shall be allocable to each Unit developed by the project in the same proportion the NSP3 funds bear to the total of all funds expended in completing the project.
3. The total NSP3 investment in the Unit that is subject to recapture upon sale of the Unit by the Homeowner, and each subsequent sale during the minimum period described in paragraph number 4, herein below (Recapture Amount) (Recapture Period), is that portion of the Allocation that enabled the Homeowner to buy the Unit. This includes that portion of the Allocation used in the form of a direct subsidy to the Homeowner that reduced the Homeowner's purchase price for the Unit from the fair market value of the Unit (as determined by an independent appraisal of the after-rehabilitation value of the Unit) to an affordable price (determined to be the Homeowner's purchase price for the Unit).

The City of South Bend will recapture an amount that does not exceed the net sale proceeds from the sale of the property. The City of South Bend will recapture the outstanding balance based on the following "Recapture Amount" guidelines; however this amount shall never be greater than the net sale proceeds. If there were no net sale proceeds then the City of South Bend would recapture zero.

4. The Recapture Amount is subject to recapture under these guidelines for the following minimum periods:

- A. Five (5) years where the Allocation is less than \$15,000.00;
- B. Ten (10) years where the Allocation is \$15,000.00 to \$40,000.00;
- C. Fifteen (15) years where the Allocation is greater than \$40,000.00.

5. The deed effectuating the subsequent sale of the Unit by the Homeowner, and the deeds effectuating each subsequent sale of the Unit during the Recapture Period, shall reflect the balance of the Recapture Amount yet to be recaptured.

6. Upon the satisfaction of the recapture requirements with respect to any Unit, the City of South Bend shall promptly issue a certificate of satisfaction

Ensuring Continued Affordability:

regarding the same and cause the recording of the same in the Office of the Recorder of St. Joseph County.,
Resale Policy

The City of South Bend will utilize the resale policy when there is no direct subsidy to the homeowner, but rather when there is a construction or development subsidy to the property. A construction or development subsidy to the property occurs when the amount of NSP3 funds invested in the property exceeds the fair market value of the property after rehab. In such cases the property must be resold to an income eligible household making no more than 120% of AMI. The sale price of the home will be determined by an appraisal, and the PITI will not exceed 30% of the new buyer's monthly net income.

For Rentals:

The minimum affordability period required by NSP3 is to be the same as required by the HOME program, which is:

NSP3 Investment per unit

Length of the affordability period

Less than \$15,000 5 years

\$15,000 to \$40,000 10 years

More than \$40,000 15 years

New construction of rental housing 20 years

Rent, occupancy and affordability requirements will be enforced with deed restrictions that shall run with the land, and shall be in full force and effect until the date of affordability period has expired. The recorded deed restriction shall state the number of years from the date of execution the restriction shall be in affect and shall have a date of expiration (based on above table). Any rental provided through Activity Two &ndash Permanent Rental Housing for Special Needs Populations &ndash will remain rental for eligible households making no more than 50% AMI for the duration of the affordability period.

Definition of Blighted Structure:

Indiana Code 36-7-9 &ndash Chapter 9 Unsafe Building Law. The City of South Bend will adopt the State of Indiana&rsquo definition of blight, which they call unsafe buildings and unsafe premises. IC 36-7-9-4 Sec. 4 states:

(a) For purposes of this chapter, a building or structure, or any part of a building or structure, that is:

- (1) in an impaired structural condition that makes it unsafe to a person or property;
- (2) a fire hazard;
- (3) a hazard to the public health;
- (4) a public nuisance;
- (5) dangerous to a person or property because of a violation of a statute or ordinance concerning building condition or maintenance; or
- (6) vacant and not maintained in a manner that would allow human habitation, occupancy, or use under the requirements of a statute or an ordinance; is considered an unsafe building.

(b) For purposes of this chapter:

- (1) an unsafe building; and
- (2) the tract of real property on which the unsafe building is located; are considered unsafe premises.

(c) For purposes of this chapter, a tract of real property that does not contain a building or structure, not including land used for production agriculture, is considered an unsafe premises if the tract of real property is:

- (1) a fire hazard;
- (2) a hazard to public health;
- (3) a public nuisance; or
- (4) dangerous to a person or property because of a violation of a statute or an ordinance.

Definition of Affordable Rents:

NSP assisted units will carry rent and occupancy restriction requirements. The rents will be set so that households pay no more than the applicable fair market rents as published by HUD for the area less any utility costs paid by the tenant.

Housing Rehabilitation/New Construction Standards:

The City of South Bend follows the Indiana Residential Code &ndash 2005, (a). International Residential Code, 2003; (b). Indiana amendments. This code also covers plumbing and heating. The City follows the Indiana Electrical Code; (a). NFPA 70, National electrical code, 2005; (b). Indiana Amendments.

South Bend will also implement the following as specifically required by HUD:



o All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.

o All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).

o Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.

o Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.

o Where relevant, the housing should be improved to mitigate the impact of disasters (e.g. earthquake, hurricane, flooding, and fires).

Vicinity Hiring:

The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

Procedures for Preferences for Affordable Rental Dev.:

There is a need to have housing for special needs populations in all communities. In South Bend, partner agencies currently provide these housing opportunities; however, the facilities were not built for this purpose, so many are inefficient, antiquated and not ideally suited for those residing in them. As such, NSP3 funds will help to build a new facility to replace one of those that no longer meets the needs of its residents. When determining where to locate housing for a special needs population, there are a number of factors to consider such as zoning requirements, location of vacant or demolished properties that meet NSP3 criteria, access to public transportation, proximity to other residential facilities for special need populations (if applicable), and service provider needs (proximity to resident services, etc.). The northeast neighborhood is near the main offices of two potential partnering agencies which provide housing for special needs populations, is near downtown, has access to public transit and has a strong neighborhood association which can help residents be part of a larger community.

The City of South Bend is demonstrating a rental preference by allocating a portion of its NSP3 funds to provide permanent rental housing for special need populations whose household income does not exceed 50% AML.

Grantee Contact Information:

City of South Bend

Pamela C. Meyer

227 W. Jefferson Blvd.

1200 County-City Building

South Bend , IN 46601

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$1,708,707.00
Total Budget	\$0.00	\$1,708,707.00
Total Obligated	\$0.00	\$1,708,707.00
Total Funds Drawdown	\$7,660.22	\$1,708,707.00
Program Funds Drawdown	\$0.00	\$1,588,596.20
Program Income Drawdown	\$7,660.22	\$120,110.80
Program Income Received	\$202,125.29	\$433,954.61
Total Funds Expended	\$7,660.22	\$1,708,706.71
Match Contributed	\$0.00	\$0.00



Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$256,306.05	\$0.00
Limit on Admin/Planning	\$170,870.70	\$105,000.00
Limit on State Admin	\$0.00	\$105,000.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$170,870.70	\$105,000.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$427,176.75	\$469,547.00

Overall Progress Narrative:

The Northeast Neighborhood Revitalization Organization (NNRO) sold the final two houses to income-eligible households: 624 and 803 N. Hill Street.

The remaining Administration balance of \$78,552.46 was allocated to the Near Northwest Neighborhood (NNN) for use in rehabbing the property at 625-627 Cushing Street. The funds were to be drawn by 9/30/14 per HUD HQ. The NNN was able to expend \$70,892.24 by mid-October.

Program income will be used for acquisition/rehab/resale activities in the NSP3 target area.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NSP3 11-01, Redevelopment	\$0.00	\$1,134,160.00	\$1,128,233.99
NSP3 11-02, Redevelopment	\$0.00	\$469,547.00	\$444,594.49
NSP3 11-03, Administration	\$0.00	\$105,000.00	\$15,767.72

Activities

Project # / Title: 9999 / Restricted Balance

Grantee Activity Number: 1

Activity Title: Redevelop demolished or vacant properties

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

9999

Projected Start Date:

07/01/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Restricted Balance

Projected End Date:

07/01/2013

Completed Activity Actual End Date:

Responsible Organization:

Northeast Neighborhood Revitalization Organization

Overall

Total Projected Budget from All Sources

Oct 1 thru Dec 31, 2014

N/A

To Date

\$0.00

Total Budget

\$0.00

\$0.00

Total Obligated

\$0.00

\$0.00

Total Funds Drawdown

\$0.00

\$0.00

Program Funds Drawdown

\$0.00

\$0.00

Program Income Drawdown

\$0.00

\$0.00

Program Income Received

\$105,078.79

\$231,035.79

Total Funds Expended

\$0.00

\$0.00

Match Contributed

\$0.00

\$0.00

Activity Description:

The estimated number of properties needed to be impacted, as provided by HUD in its NSP3 Planning Data for the City of South Bend's target area, is three (3). The City proposes impacting five (5) properties, more than the minimum required, due to the stronger market in the target geography. It is believed that the target area's market will support the five homebuyer opportunities in part because the northeast neighborhood has private development efforts occurring near the University of Notre Dame that have strengthened the market in the surrounding area. The tenure of the beneficiaries will be homeowners. The affordability period will be in compliance with the affordability period and a deed restriction will require the duration of continued affordability.

Location Description:

This activity will take place in Census Tract 9, Block Group 1 & Census Tract 10.

Activity Progress Narrative:

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Project # / Title: NSP3 11-01 / Redevelopment

Grantee Activity Number: NSP 11-8121

Activity Title: NNRO Redev Vacant / Demo Lots

Activity Category:

Construction of new housing

Project Number:

NSP3 11-01

Projected Start Date:

03/31/2012

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Redevelopment

Projected End Date:

12/31/2013

Completed Activity Actual End Date:

Responsible Organization:

Northeast Neighborhood Revitalization Organization

Overall

Total Projected Budget from All Sources

Oct 1 thru Dec 31, 2014

N/A

To Date

\$1,134,160.00



Total Budget	\$0.00	\$1,134,160.00
Total Obligated	\$0.00	\$1,134,160.00
Total Funds Drawdown	\$0.00	\$1,134,160.00
Program Funds Drawdown	\$0.00	\$1,128,233.99
Program Income Drawdown	\$0.00	\$5,926.01
Program Income Received	\$97,046.50	\$202,918.82
Total Funds Expended	\$0.00	\$1,134,159.71
Northeast Neighborhood Revitalization Organization	\$0.00	\$1,134,159.71
Match Contributed	\$0.00	\$0.00

Activity Description:

Location Description:

Activity Progress Narrative:

The Northeast Neighborhood Revitalization Organization (NNRO) sold the final two homes at 624 and 823 N. Hill Street to income-eligible households. This activity is now complete.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
#Units with bus/rail access	2	9/5
#Units exceeding Energy Star	2	4/0
#Sites re-used	2	9/5

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	2	9/5
# of Singlefamily Units	2	9/5

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	2	2	0/1	6/4	6/5	100.00
# Owner Households	0	2	2	0/1	6/4	6/5	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources**Amount**

No Other Funding Sources Found

Total Other Funding Sources

Project # / Title: NSP3 11-02 / Redevelopment**Grantee Activity Number: NSP3 11-8120****Activity Title: New Construction Special Needs Housing****Activity Category:**

Construction of new housing

Project Number:

NSP3 11-02

Projected Start Date:

03/31/2012

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Redevelopment

Projected End Date:

12/31/2013

Completed Activity Actual End Date:**Responsible Organization:**

Northeast Neighborhood Revitalization Organization

Overall**Total Projected Budget from All Sources****Oct 1 thru Dec 31, 2014**

N/A

To Date

\$469,547.00

Total Budget

\$0.00

\$469,547.00

Total Obligated

\$0.00

\$469,547.00

Total Funds Drawdown

\$0.00

\$469,547.00

Program Funds Drawdown

\$0.00

\$444,594.49

Program Income Drawdown

\$0.00

\$24,952.51

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$0.00

\$469,547.00

Northeast Neighborhood Revitalization Organization

\$0.00

\$469,547.00

Match Contributed

\$0.00

\$0.00

Activity Description:**Location Description:****Activity Progress Narrative:**

This activity is complete.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
#Low flow toilets	0	1/0
#Low flow showerheads	0	1/0
#Units with bus/rail access	0	1/4
#Units exceeding Energy Star	0	1/0
#Sites re-used	0	1/1
#Units \geq other green	0	1/0

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	4/4
# of Multifamily Units	0	4/4

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	4/4	0/0	4/4	100.00
# Renter Households	0	0	0	4/4	0/0	4/4	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Project # / Title: NSP3 11-03 / Administration

Grantee Activity Number: NSP3 11-8199
Activity Title: CED Administration

Activity Category: Administration
Activity Status: Under Way
Project Number: NSP3 11-03
Project Title: Administration



Projected Start Date:

01/31/2012

Benefit Type:

()

National Objective:

N/A

Projected End Date:

02/28/2014

Completed Activity Actual End Date:**Responsible Organization:**

South Bend Community & Economic Development Dept

Overall**Total Projected Budget from All Sources****Oct 1 thru Dec 31, 2014**

N/A

To Date

\$105,000.00

Total Budget

\$0.00

\$105,000.00

Total Obligated

\$0.00

\$105,000.00

Total Funds Drawdown

\$7,660.22

\$105,000.00

Program Funds Drawdown

\$0.00

\$15,767.72

Program Income Drawdown

\$7,660.22

\$89,232.28

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$7,660.22

\$105,000.00

South Bend Community & Economic Development Dept

\$7,660.22

\$105,000.00

Match Contributed

\$0.00

\$0.00

Activity Description:**Location Description:****Activity Progress Narrative:**

This activity is complete.

Accomplishments Performance Measures**No Accomplishments Performance Measures found.**

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	
